Effective Marketing and Crafting High-Performing Statements of Work

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Developing a High-Performing Statement of Work

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Download slides & tools →

center4procurement.org/rmgpa

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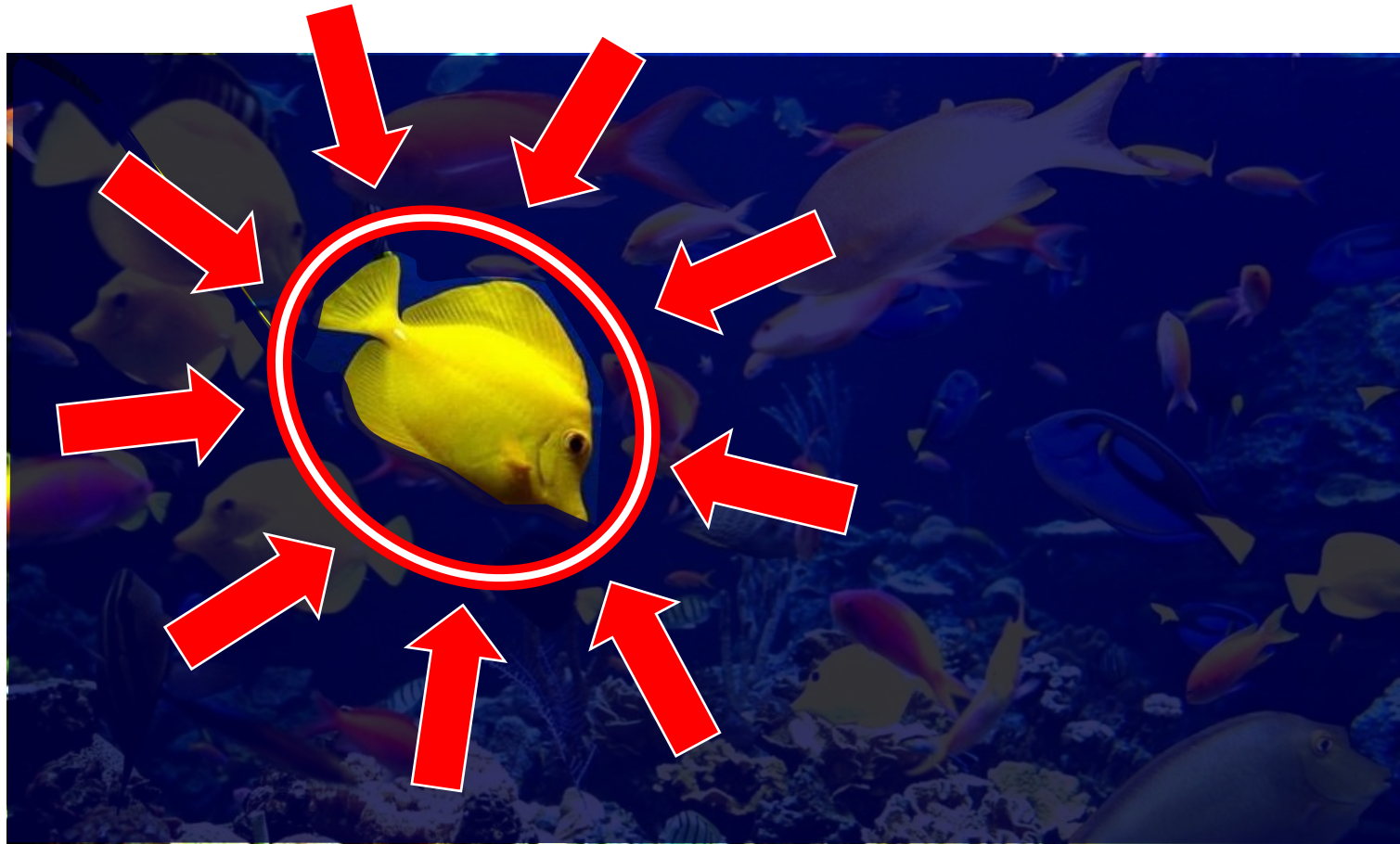
Goals of the RFP?

- **Make it difficult to determine your needs?**

- **Confuse vendors?**

- **Frustrate vendors?**

- **Increase the odds of missing a requirement?**

Always Remember…Vendors Have Options!

You Want To Look More Attractive Than All Other Current Owners!!!

If You Look Dangerous….

So how do we attract more High-Performing Vendors?

Starts With Your Solicitation!

RFP

Request for Proposal

Information Technology (IT)
Software Implementation Template

RFP Number: #####
RFP Release Date: MM/DD/YYYY
RFP Due Date: MM/DD/YYYY

RFP vs. SOW: How are they Related?

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4. Evaluation Procedures
5. Administrative Requirements
6. Proposal Forms
7. Attachments & Exhibits

Organizing a High-Performing RFP

RFP
Request for Proposal

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| 2 | Current Conditions |

What the Client is Purchasing

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How the Client will Evaluate and Select the vendor

RFI

- **Informal process that allows the owner/client to obtain critical information**

- **Traditional market research tool**

Industry Perception on RFI's

Poor Perception of RFI's

Improperly Structured RFI's

❌ Can increase the time to procure the project or service

Improperly Structured RFI's

❌ Can increase the time to procure the project or service

❌ Can increase the amount of effort and resources to solicit

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Improperly Structured RFI's

❌ Can increase the time to procure the project or service

❌ Can increase the amount of effort and resources to solicit

❌ Can increase the amount of resources required to review the responses

❌ May not result in helpful or useful information

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Common "Mistakes"

Most Common "Mistakes"

❌ Request 'trade secrets'

❌ Request 'costing'

❌ Request 'too much' information

❌ Request 'irrelevant' information

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Example – State of XXXXX

Company Information

		RFI #32110-SWC
		TECHNICAL INFORMATIONAL FORM

1. RESPONDENT LEGAL ENTITY NAME:

2. RESPONDENT CONTACT PERSON:

   Name:

   Title:

   Address:

   Phone Number:

   Email:

3. Provide a description of your company (number of employees, annual revenues, locations, years in existence, etc.).

   a. Specify how many employees you have for administrative staff, scanning services, etc.

   b. How many trucks do you own or lease that would be used in performance of the scope of services?

4. How many physical locations does your company have throughout the State of Tennessee? Other states?

   Please provide address for each location, how many employees are at each location, and a detailed explanation of the type of facility at this location; i.e. warehouse with inventory personnel, office building with administrative employees, storage facility, etc.

5. Describe your company's insurance capabilities.

   a. What are the minimum levels for each the State should require from companies for these services?

   b. If the State considered requiring Professional Liability Insurance and an intellectual property, cyber-risk/network security/privacy Insurance, what impact would that have for companies who provide this service?

6. Does your company perform background checks on employees?

   a. If so, detail the process and list the organization or governmental entity used to check or verify backgrounds.

   b. How frequently is a background check performed for each employee?

   c. What level of background checks have customers requested in the past?

7. Have you ever been asked to use a customer's training materials regarding confidentiality of their documents? For instance, employees would sign a training log, watch a video, and sign an acknowledgement agreement annually. If not, what considerations would a company require to accommodate this request? Would this require an additional cost?

8. Describe your company's experience with IRS documents, PII (Personally identifiable information), HIPPA and a detailed explanation of the process used to ensure the security and confidentiality of highly sensitive documents. Please include any specific federal or state policies that you may follow or have used to implement your process. Also, describe how your company would modify its processes if federal or state policies
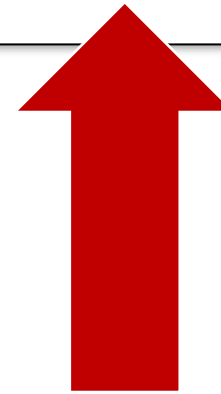
Example – State of XXXXX

- RFI asked 82 questions

- Asked for general information, or 'proposal-type' information

What Will You Do With This Information?

3. Provide a description of your company (number of employees, annual revenues, locations, years in existence, etc.).

   a. Specify how many employees you have for administrative staff, scanning services, etc.

   b. How many trucks do you own or lease that would be used in performance of the scope of services?

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What Will You Do With This Information?

3. Provide a description of your company (number of employees, annual revenues, locations, years in existence, etc.).

   a. Specify how many employees you have for administrative staff, scanning services, etc.

   b. How many trucks do you own or lease that would be used in performance of the scope of services?

FIRM A
58 employees
7 owned trucks

FIRM B
79 employees
3 leased trucks

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What Will You Do With This Information?

What are we gaining.... How does this help us refine Scope?

FIRM A
58 employees
7 owned trucks

?

FIRM B
79 employees
3 leased trucks

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Results

- Client spends **2-months**
- **42 page** response (average)
- 99% of responses were marketing / **cut and paste**
- Client does **not know how** to utilize this information in the RFP Scope

Request For Needs

Request For Needs

- Informal Process

- Used to conduct market research

- Used as a preliminary fact-finding document

- Gather supplier feedback or advice

- Better define a problem, need, or solution

- Help define the next steps (with ITB, RFQ, or RFP)

RFN

Contents

Section 1   Scope of Work
Section 2   Evaluation Criteria and Procedures
Section 3   Administrative Requirements
Section 4   Submittal Forms & Exhibits

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An RFN can be utilized to improve solicitations for any type of project or service

Goal of RFN?
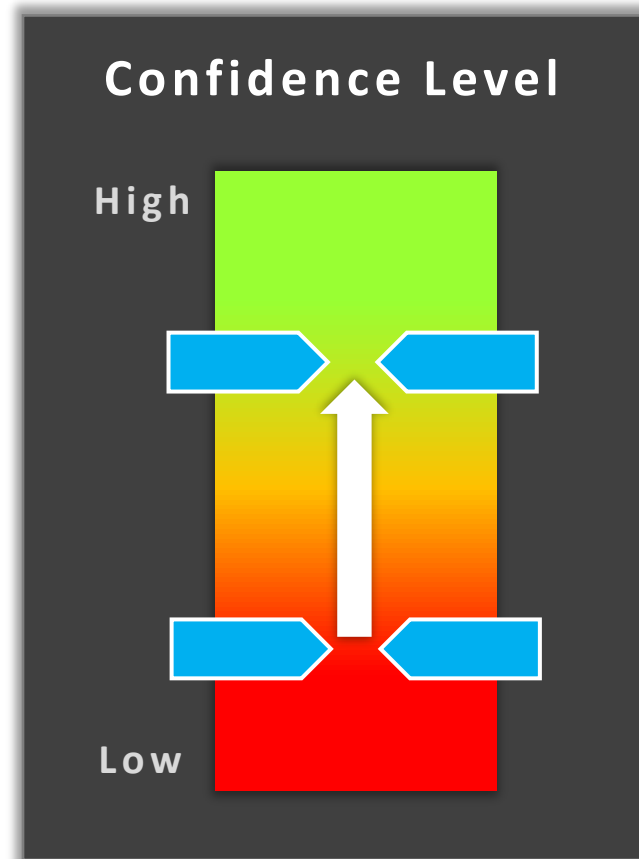
Typical Project IQ
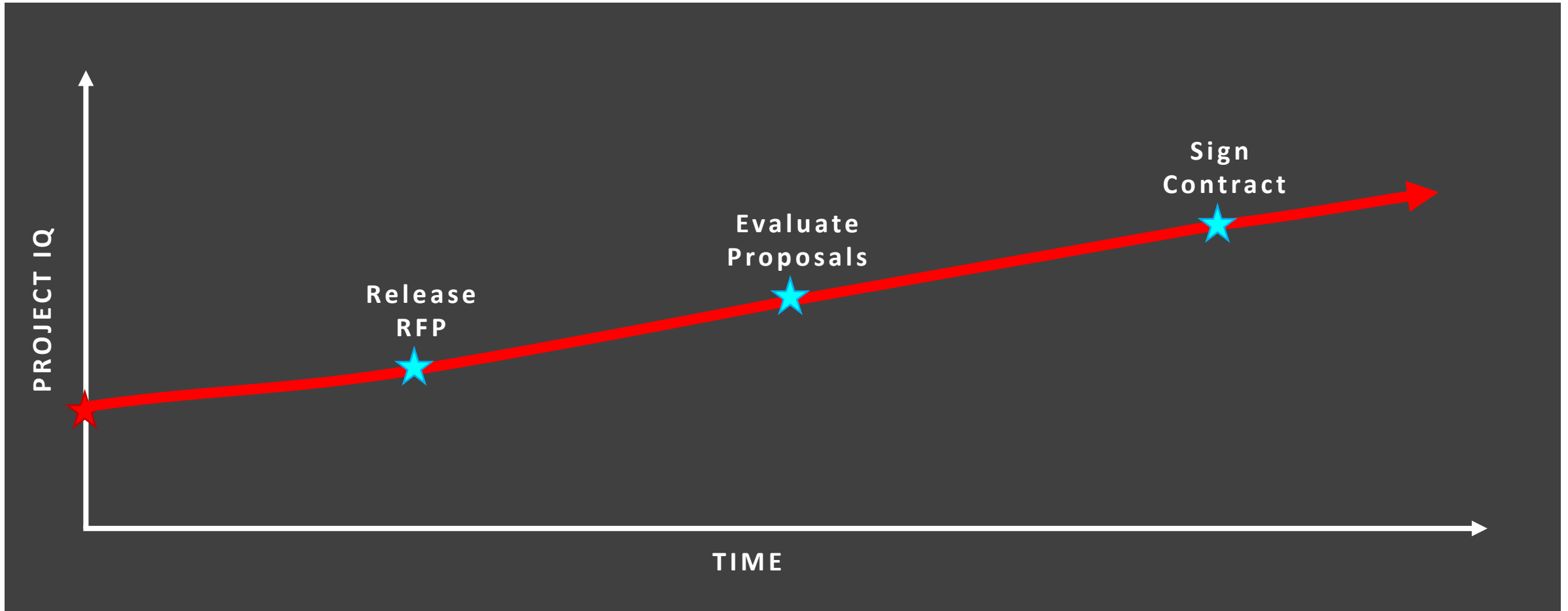
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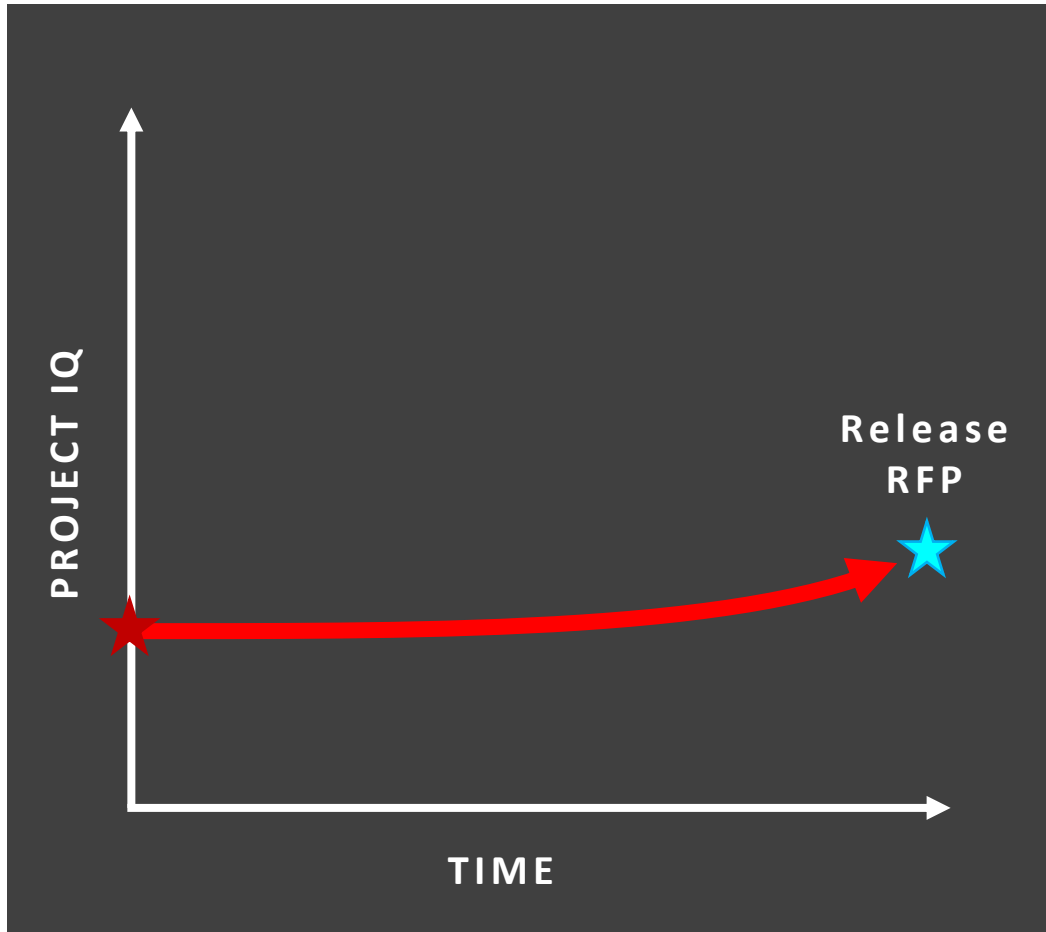
What Is Our Goal?
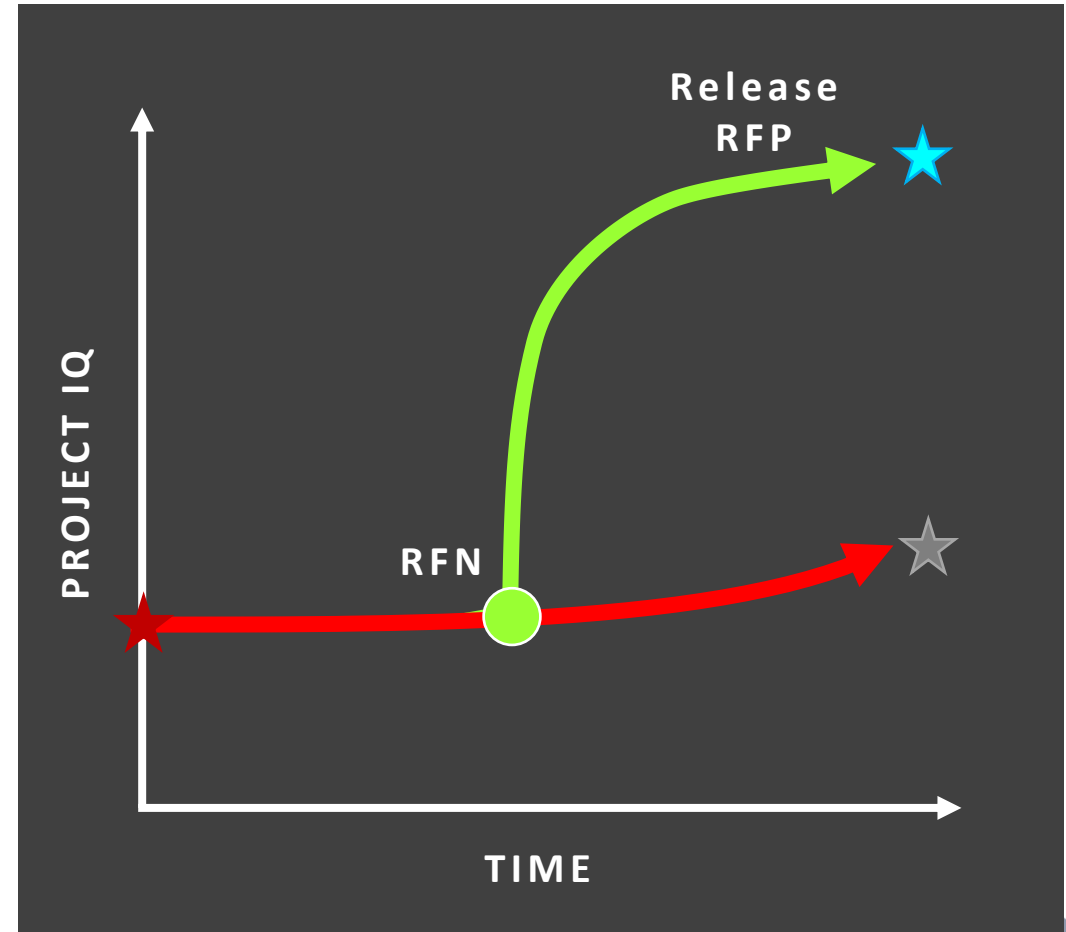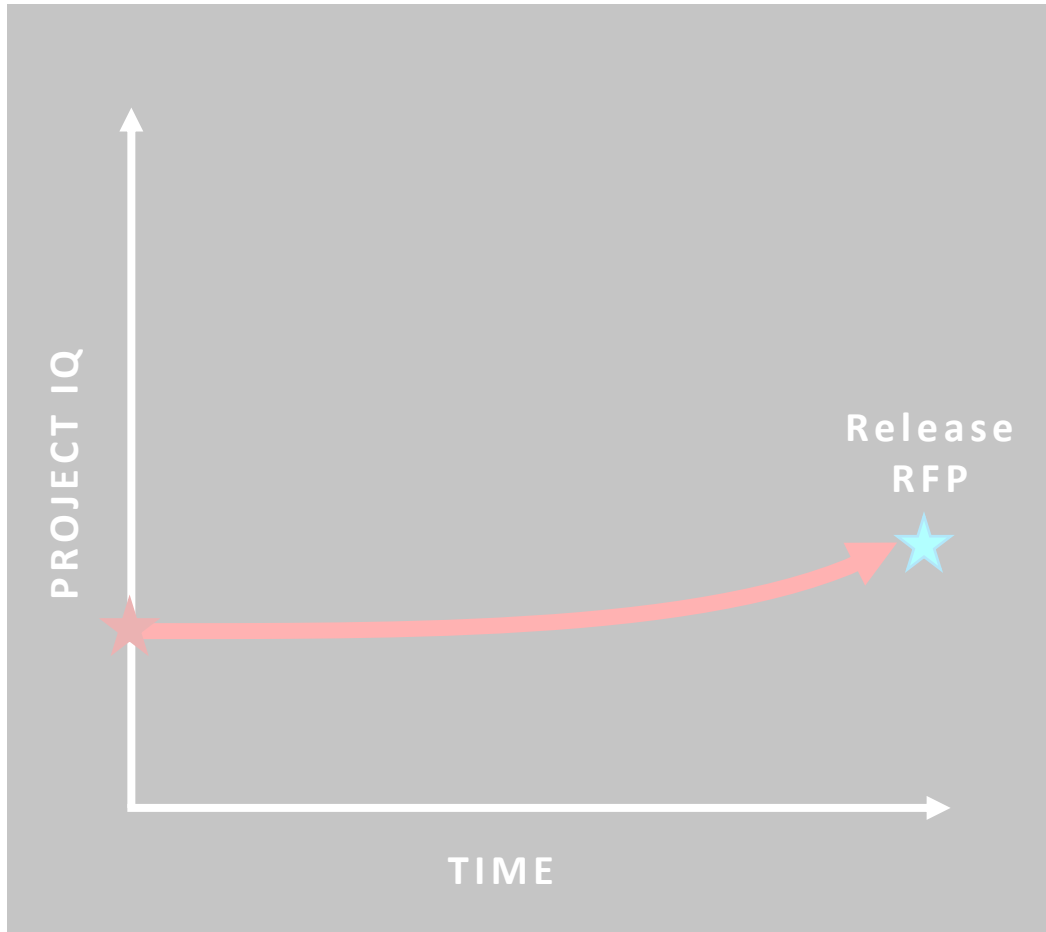
Developing the RFN

Document Size Matters!!!

If your RFN is over 10-pages…Vendors may be:

- Less likely to read

- Less likely to provide a specific response & more likely to provide 'copy-and-paste' material

Remember…Vendor is not getting paid for this!

Document Size Matters!!!

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Format & Structure

RFN

Request For Needs

SEATTLE CITY LIGHT
Annual Financial Statement Audit for 2016-2020

Issued Date: June 6, 2016

Due Date for Response: June 13, 2016

- **Administrative Items (1-2 Pages)**
  - RFN Purpose
  - Format for Response
  - Dates & Times
  - Contact

- **Project Background (1-4 Pages)**
  - Existing Conditions
  - Desired Outcomes, Goals, Objectives, etc. (focus on what is different, unique, unknown, etc. Don't need excessive details)

- **Questions / Script (1-Page)**

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TRADITIONAL APPROACH

- Owner creates & issues RFI document
- Suppliers prepare written responses
- Owner SME's read & interpret responses
- Scope is updated

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TRADITIONAL APPROACH

- Owner creates & issues RFI document
- Suppliers prepare ==written responses==
- Owner SME's read & interpret responses
- Scope is updated

ACCELERATED APPROACH

- Owner creates & issues RFN document
- Suppliers ==present responses online==
- Owner SME's ask follow-up questions
- Scope is updated

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Accelerated RFN

- Rather than requesting a written response, perform entire RFN **online** (through video)

- Greatly **minimizes vendor time** (which encourages participation, and minimizes cut-and-paste material)

- Minimizes **owner time** (less time to prepare RFN, but much less time to participate in the proposals versus reading and digesting)

- 1-hour conversation can provide **more value** than 20-30 page document
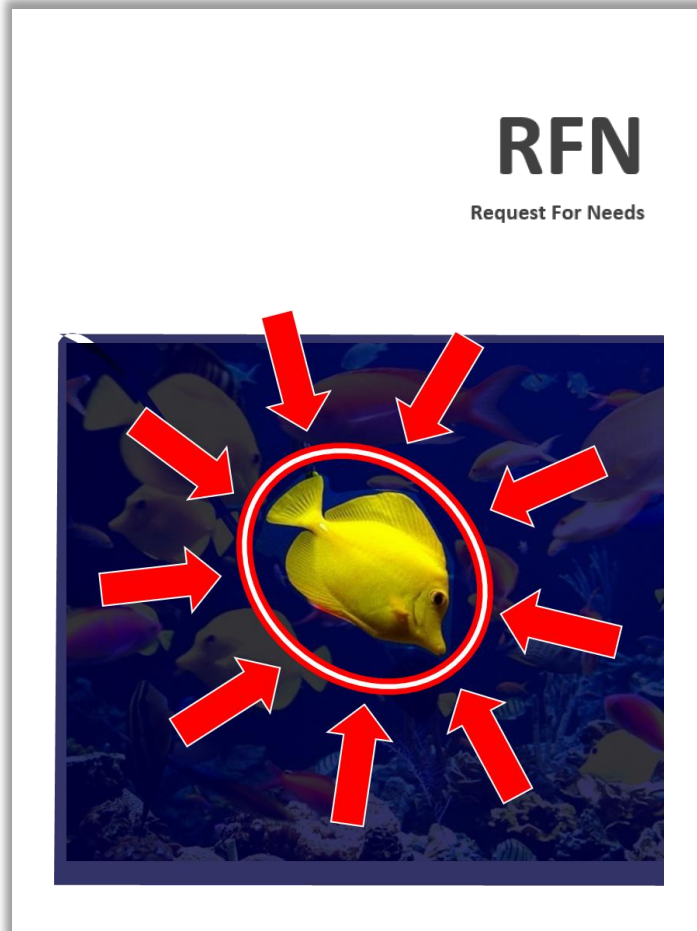
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Format & Structure

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DEFINITION: Statement of Work (SOW)

- **The Statement of Work (SOW) is an <u>essential</u> part of any solicitation.**

- **Describes <u>what</u> you are looking to purchase, acquire, or achieve.**

Terminology

All are Included…

- **Statement of Work (SOW)**
- **Scope of Work (SOW)**
- **Specifications or Minimum Specifications**
- **Requirements or Minimum Requirements**
  - **Business Requirements**
  - **Technical Requirements**
  - **Functional Requirements**
- **Minimum Qualifications**

**SOW =
What you are
Hiring the
Vendor to do**

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The Goal of the SOW
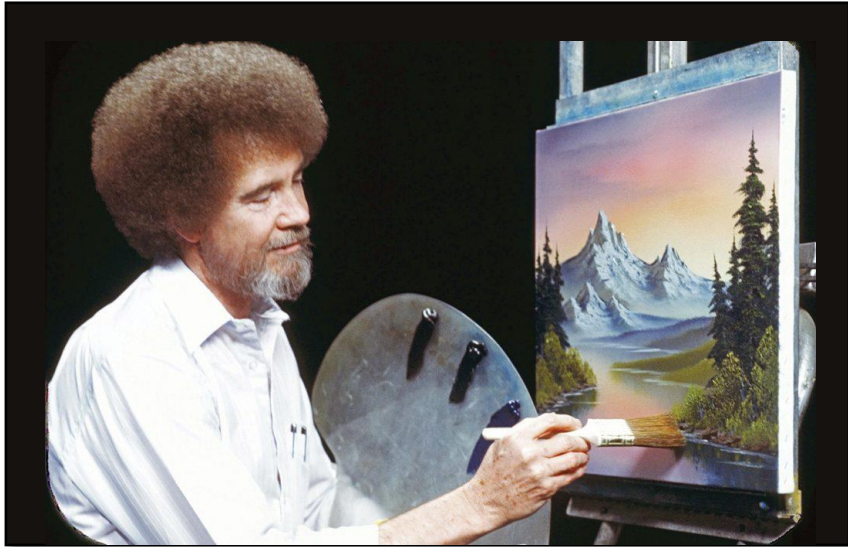
- **Paint the picture of what success looks like**

- **Describe what it will take to make you 100% satisfied (what are the outcomes & achievements)**

- **A good SOW assures that all of the vendors propose a proper solution (that meets your needs)**

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Organizing a High-Performing RFP

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How the Client will Evaluate and Select the vendor

Content & Structure of a High-Performing SOW

Statement of Work

1 Overview & Purpose

2 Future State

3 Itemized Requirements

4 Schedule & Budget

5 Unique Considerations

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Content & Structure of a High-Performing SOW

Statement of Work

1 **Overview & Purpose**

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Concisely Describe "What" & "Why"

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Overview & Purpose

- **Project Overview:** high-level summary that is easily understandable (**1-2 sentences up to 1-2 paragraphs max**)

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  - **Avoid technical language, jargon, details, or specifics.**

Content & Structure of a High-Performing SOW
Overview & Purpose

- **Project Overview:** high-level summary that is easily understandable (**1-2 sentences up to 1-2 paragraphs max**)
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- **Goals, Objectives & Motivation:** primary business drivers and purpose

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- **Key Measures of Success:** top 3-5 quantifiable metrics (cost, time, quality, functionality)

Key Measures of Success

- **Key Measures of Success:** top 3-5 quantifiable metrics (cost, time, quality, functionality)

- **Difficult for Business Units to do!**
  - **They often focus on activities rather than outcomes.**
  - **Takes intense questioning.**

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What the Client is Purchasing

Overview & Purpose are right up front, so must be easy to find & understand!

Statement of Work

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Departures from Current Conditions

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- Describe each of the deliverables/services to be provided by the selected vendor for this Statement of work

- Describe the minimum requirements that must be performed to achieve a 100% satisfaction

- Attach exhibits to make this easier to follow (i.e. drawings, specs, pictures, site plans, etc.)

- **Overview:** clear, concise, & easily understandable description

- **Project Deliverables:** tangible outcomes to be produced by vendor

- **Figures, Diagrams, & References:** supporting explanation

- **Transition/Migration:** efforts to bring legacy data forward

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Statement of Work

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Mandatory & Desired Items

Organization:

- Itemized

- Organized into major categories

- Attach (and reference) Exhibits to make this easier to follow (i.e. drawings, specs, pictures, diagrams, site plans, reference files, etc.)

- Do **NOT** need a written commentary for each requirement

Content & Structure of a High-Performing SOW
Itemized Requirements

- **Drawings & Specs (Construction)**

- **Requirements (IT/Software)**

ID Num	Requirement Area	Requirement Subcategory	Requirement Name	Requirement
5402	System and Technical	Workflow	Approval / Denial	System shall provide ability to define multiple approval levels for electronic transactions / documents / business events processing.
5403	System and Technical	Workflow	Approval / Denial	System shall provide ability to restrict processing of electronic transactions / documents / business events until they pass all required approval levels.
5404	System and Technical	Workflow	Approval / Denial	System shall provide ability to set up Approver Groups associated with electronic transaction / document / business event processing.
5405	System and Technical	Workflow	Approval / Denial	System shall provide the ability to define a unique approval process for each user and type of document/business event.
5406	System and Technical	Workflow	Approval / Denial	System shall provide the ability to specify multiple approvers for a document/business event where only one of the approvers listed must approve the document in order to consider the document approved.
5407	System and Technical	Workflow	Audit Trail	System shall provide an audit trail of all adds, changes, and deletes to workflow rules.
5408	System and Technical	Workflow	General	System shall ensure that any transaction, document or business event entered into the on-line system is reviewable prior to its saving / processing / commitment.
5409	System and Technical	Workflow	General	System shall provide the ability to reverse / unwind processed transactions, documents and business events.
5410	System and Technical	Workflow	General	System shall permit a minimum of 10 levels of approval that may be established for each type of electronic document/business event.
5411	System and Technical	Workflow	General	System shall allow all authorized users to see the approval status of a document/business event.
5412	System and Technical	Workflow	General	System shall assure that an employee is removed from and added to the workflow process based on qualifying events (e.g., termination from or appointment to agency, or transfer to another organization entity within the agency).
5413	System and Technical	Workflow	General	If a user modifies an electronic document/business event, the system shall allow approvals to be reprocessed in accordance with business rules.
5414	System and Technical	Workflow	General	System shall provide the ability to search/retrieve documents/records based upon user defined criteria.
5415	System and Technical	Workflow	Notification	System shall include a workflow process, with notification options, for business events and documents.
5416	System and Technical	Workflow	Notification	System shall provide the ability to re-route transaction/document/business event for approval based upon user defined criteria such as dollar thresholds or random selection for statistical sampling purposes.
5417	System and Technical	Workflow	Notification	System electronic document management function shall be integrated with the State's electronic mail system or provide other means to alert "reviewer" of documents awaiting approval.
5418	System and Technical	Workflow	Tracking Document(s)	System shall provide ability to track (e.g., identify, record, inquire, report) the progress of electronic transactions / documents / business events.

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- **Mandatory Requirements (minimum, pass/fail):**
  - **vendors MUST meet these or be disqualified.**

    itemized, organized, and categorized

- **Desired Requirements (value proposition):**
  - **vendors NOT disqualified for missing any individual item.**
  - **But the Client's goal is to achieve as many as possible.**

    itemized, organized, and categorized

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Time & Financial Constraints

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Should we share the budget?

YES

Content & Structure of a High-Performing SOW
Schedule & Budget

- **Schedule:** clear & transparent identification of timing needs and constraints

- **Budget**: clear & transparent identification of financial needs and constraints

Content & Structure of a High-Performing SOW
Schedule & Budget

- **The Budget is crucial (one of the most important SOW elements)**

- **Clarifies your technical Statement (what you can afford)**

- **Clearly define any financial constraints or expectations that you have (not ranges or "fuzzy" information → don't cause confusion!)**
- **Be direct, such as:**
  - The construction budget for this Project is $150,000
  - The estimated spend for this Project is $2 Million
  - The project budget is $3,000,000 over 5 years, of which $500,000 is allocated for implementation and $500,000 for annual subscription/support.
- **(same for Schedule expectations, constraints, critical dates, phasing, etc.)**

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Supplemental Information

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- **Unique:** what may be unusual in your environment?

  (vs. the vendor's other clients)

- **Unknowns & Assumptions:** list any conditions that are unknown or assumed

- **Attachments & Exhibits:** pertinent supplemental information

The Importance of Current Conditions

Content & Structure of a High-Performing SOW

Statement of Work

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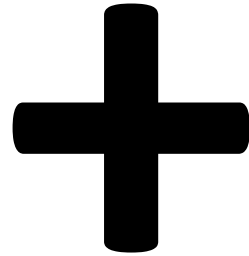
Current Conditions

Content & Structure of a High-Performing SOW

Current Conditions

1 Overview & Background

2 Volumes & Quantities

3 Pain Points

4 Strengths

5 Figures, Diagrams, & References

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Current Conditions

- **Easiest to document**
- **Often skipped, ignored, missed**
- **Most common request from vendors!!!**

Painting-The-Picture (Statement of Work)

We spend a lot of time focusing on the SOW…

- What success looks like
- What will make you happy at the end of the contract
- What you want to look like
- What you want to achieve

Painting-The-Picture (Current Conditions)

...But we forget to describe what we look like right now

Do Your Current Conditions Really Matter?

Importance of Current Conditions

- **Allows the vendors to understand the impact of the change**
- **Allows the vendor to confirm if SOW is achievable**
- **Allows the vendor to identify & address challenges**
- **Allows the vendor to verify the accuracy of your SOW**

Current Conditions
Can Allow An Expert vendor To Address Your Needs

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Balancing Act:

Too Open-Ended
vs.
Overly Prescriptive

Set a Benchmark to Propose to!!!!

- **Ensure proposals are apples-to-apples (****as much as possible****)**

Set a Benchmark to Propose to!!!!

- **Client's SOW must:**
  - Make it easy for Vendors to **find & understand** the benchmark.

  Example: Reviewing 4 Cost Proposals for an ERP System
    - **Quoted licenses ranged from 0 – 2,200.**
      - 0 (TBD later after they are awarded the contract)
      - 1,260 to 1,450
      - 1,300
      - 2,200
  How can you compare the Cost Proposals?

Waste Hauling SOW

5,000+ tons of waste collection across urban area

Waste Hauling SOW

5,000+ tons of waste collection across urban area

- **"An adequate fleet of collection vehicles should be used and maintained by the Vendor…"**

- **"It is the [Owner's] expectation that collection vehicles designated for service should at a minimum be less than two years old at the start of the contract"**

Waste Hauling SOW

5,000+ tons of waste collection across urban area

- "In order to support accurate measurements towards the [Client's] sustainability goals, all vehicles must be <u>solely dedicated</u> to [the Client] and <u>cannot be used for other sites</u>."

Waste Hauling SOW

5,000+ tons of waste collection across urban area

- **Average Proposal Price: <u>+46% over the Budget</u>**
- **Maximum Proposal Price: <u>+106% Over the Budget</u>**

- **SOW was put together with great intentions**
  - **Seeking high quality services & impressive sustainability goals.**

➤ **Over-emphasis on the inputs (restricting vendor means & methods) can detract from the outcomes (results)!**

Impact of Overly Prescriptive SOW

- **Can significantly increase cost & schedule**

- **Removes flexibility to offer strategies & innovations for the specific environment**

- **"tie the hands" of vendors regarding the work and manner in which it is undertaken**

- **Limits the maximum accountability & responsibility vendors have to perform**

➢ **Brings Risk to the Project!**

Impact of Open-Ended or Unclear SOW

- **Open to interpretation**

- **Encourages the minimum**

- **Less consistency in pricing (*wider range in cost proposals*)**

- **Less competitive pricing (*increased contingency*)**

- **Discourages vendors from submitting**

➢ **Brings Risk to the Project!**

Impact of a Poor SOW

Perceptions of Owner SOWs

- Unclear
- Information is missing
- Overly prescriptive
- Unrealistic
- Discourages innovation
- The owner is "fishing"
- Misunderstands Needs

- *Procurement is Not Fair*

Impact

- Fewer proposals
- Low quality proposals
- Less qualified teams
- Less competitive pricing
- Less consistent pricing
- Open to interpretation
- Have to believe the vendor

- *Brings Risk to the Project*

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What is a **High Performing** SOW?

Core Objective: What would a **High-Performing Vendor** need (or want) to know?

ALWAYS question whether the SOW….
- Allows vendors to provide the **best price**?
- Gives vendors **information to plan** their approach?
- Enables vendors to **minimize contingency**?
- Prevents vendors from **walking away**?

What is a Client of Choice?

- **Vendors want to propose on your project…**
  - **With their best people**
  - **In a thoughtful manner**
  - **With their most competitive pricing**

- **Internal Clients see RFPs as a Value-Creator…**
  - **Bring innovation**
  - **Identify the best approach**
  - **Bring solutions to minimize risk in execution**

Because you are fast, efficient, organized, and professional!

Take-Aways

Previous Recordings Available Online!

How Do You Ask For (& Evaluate) Cost Proposals In Software RFPs?
April 15, 2021

Simplar's Evaluation Criteria to Minimize Budget Risk
May 20, 2021

Current State of Practice In Software RFPs
June 17, 2021

How to do Market Research More Effectively
July 15, 2021

"Don't Worry, the Contract Will Save Us"
August 19, 2021

The Value of Debriefings
September 16, 2021

Handling Large IT Hardware Buys With Different Scope Packages
October 21, 2021

Vendor of Record Programs
November 18, 2021

7 Most Deadly Marketing Phrases
December 16, 2021

It's a New Year - Ready for the Next Level?
January 20, 2022

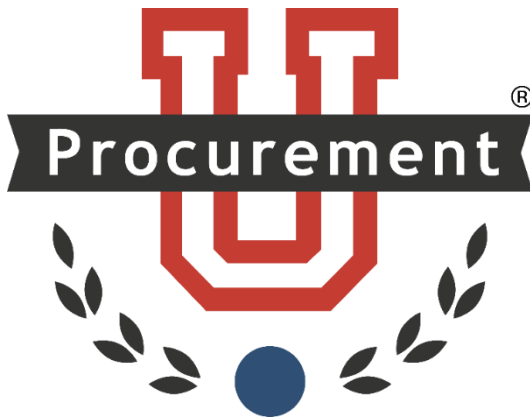Best Practices for Evaluator Training
February 17, 2022

Got RFP Soft Skills?
March 17, 2022

center4procurement.org

FREE Online Course!

Better RFPs = Better Projects

- Session #1 = Organizing a High-Performing RFP
- Session #2 = Effective Statements of Work (SOWs)
- Session #3 = Evaluation Best Practices & RFP Admin
- Session #4 = RFP Ethics & Vendor Debriefings

Register via NASPO's Procurement U

- Log on to the Procurement U Learning Management System (LMS) to register, access the course and materials.
  - www.naspo.org/procurement-u/
- Open to all (even non-members of NASPO)
- Limited to first 100 participants.

Key Learning Points

1. **A quality scope of work helps the industry put together a better proposal**

2. **It doesn't need to be perfect… but can't be terrible!**

3. **Long-term payoffs are significant!**

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